

**THE SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines**

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March 2000

ITEMS TO REMEMBER

MARCH

- March 1: Prove the Fund Ledger and Ledger of Receipts for the month of February to the control of all funds and reconcile with the depository statements. Prove all receipt accounts for each fund to total receipts for that fund. Prove the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances to the total disbursements of the control account of the Fund Ledger. Prove all expenditure accounts within each program to the total disbursements of that program.
- March 20: Last day to report and make payment of state and county income tax withheld during February to the Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997 "The School Administrator and Uniform Compliance Guidelines".)

APRIL

- April 1: Prove all ledgers for the month ending March 31 as outlined for the month of February.
- April 15: Last day for the board of school trustees of the school corporation located wholly or partially within the county, which has the greatest taxable valuation of any school corporation in the county to appoint a member of the governing body to serve as a member of the county board of tax adjustment (IC 6-1.1-29-1). IC 6-1.1-29-9 provides that the county council may adopt an ordinance to abolish the county board of tax adjustment. The ordinance must be adopted by July 1 and may not be rescinded in the year it is adopted.
- April 20: Last day to report and make payment of state and county income tax withheld during March to Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, "The School Administrator and Uniform Compliance Guidelines.")
- April 21: Good Friday - Legal Holiday (IC 1-1-9-1)
- April 30: Last day to file federal quarterly report, Form 941, to the Internal Revenue Service for federal and social security taxes for the first quarter.

MAY

- May 1: Prove all ledgers for the month ending April 30 as outlined for the month of February.

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ITEMS TO REMEMBER

(Continued)

- May 1: School corporations not wishing to renew teachers' contracts (non-permanent teachers) for the 2000-2001 school year shall notify such teachers not later than May 1, 2000 in writing, delivered in person or mailed by registered or certified mail, that such teachers' contracts will not be renewed for the succeeding school year. Any teacher so notified may request a written statement showing reasons for dismissal. (IC 20-6.1-4-14)
- May 20: Last day to report and make payment of state and county income tax withheld during April to Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, "The School Administrator and Uniform Compliance Guidelines Manual.")
- May 29: Memorial Day - Legal Holiday (IC 1-1-9-1)
- May 31: On or before June 1 and December 1 of each year (or more frequently if the county legislative body adopts an ordinance requiring additional certifications) the school corporation shall certify a list of the names and addresses of each person who has money due from the school corporation to the county treasurer. (IC 6-1.1-22-14).

TRAVEL EXPENSE

Official Opinion No. 74 of the Indiana Attorney General, issued in 1953, concluded there is no statutory authority for payment of a fixed amount of travel allowance to public employees and that a public employer may not reimburse an employee for travel expense which is, in fact, not incurred by the employee. Also, there is no authority for a travel allowance to be paid without regard to the number of miles, if any, actually traveled.

Therefore, the State Board of Accounts is of the audit position that a fixed amount for travel allowance should not be paid. The prescribed method is to reimburse the employee for travel on the basis of a claim filed on Mileage Claim, Form No. 101, for reimbursement at the rate per mile as established by the local board of school trustees for all employees of the corporation.

NEW FINANCIAL REPORTING MODEL

The Governmental Accounting Standards Board has recently issued GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments." GASB Statement No. 34 requires numerous changes and also has various effective dates starting with the 2001/02 school year for large school corporations. GASB Statement No. 34 will impact those governmental units whose financial statements are required to be prepared in accordance with Generally Accepted Accounting Principles (GAAP). Generally, GASB Statement No. 34 will not change the reporting requirements for reports which are prepared in accordance with an Other Comprehensive Basis of Accounting (i.e., cash basis school corporation reports).

Any transitions due to format changes in your financial statements required to comply with GASB Statement No. 34 will be made by the State Board of Accounts. The present requirements for your record keeping (cash funds ledgers, cash receipts ledgers, cash disbursements ledgers, general fixed asset account group records, etc.) should be sufficient to allow us to make any necessary changes.

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FAITHFUL PERFORMANCE OF DUTY BONDS

IC 20-5-3-1 states in part "The governing body shall . . . appoint a treasurer of the governing body and of the school corporation who is a person, other than the superintendent of schools, who is not a member of the governing body. The treasurer may, with the approval of the governing body, appoint a deputy who shall also be a person, other than the superintendent of schools, who is not a member of the governing body, and who shall have the same powers and duties as the treasurer, or such lesser duties as the governing body by rule shall provide." These appointments shall be made at the annual organization meeting which is to be held within the first fifteen (15) days following the commencement date of the members' terms of office as defined in IC 20-5-3-3.

IC 20-5-3-4 provides that "For each school year commencing July 1, the treasurer of each governing body and its school corporation and any deputy treasurer, if so appointed, shall give a bond for the faithful performance of his duties written by an insurance company licensed to do business in the state of Indiana, in an amount determined by the governing body. The treasurer shall be responsible under his bond for the acts of any deputy treasurer appointed as provided in section 1 of this chapter."

IC 20-5-7-3 requires bonding of the treasurer of the extra-curricular account which ". . . may be fulfilled by the providing of a comprehensive bonding instrument, such as a single blanket position bond, for all extra-curricular treasurers." The premium for extra-curricular bonds shall be paid from the General Fund of the school corporation. IC 20-5-6-6 requires that "where either the lunch program or textbook rental program are handled through the extra-curricular account, the governing body of the school corporation shall approve the amount of the bond of the treasurer of the extra-curricular account in an amount deemed by it sufficient to protect the account for all funds coming into the hands of the treasurer of such account."

We have noted situations where various employees (other than bonded treasurers and deputy treasurers) are involved in handling cash and cash related transactions (i.e., textbook rental collections, school lunch, etc.) without the school corporation being afforded bond coverage.

We strongly recommend and encourage school officials to immediately obtain bond coverage for all employees that might be handling cash and related transactions. School officials should also give consideration to providing crime insurance coverage.

Whenever it is deemed necessary by the administrative officer or governing body of a governmental unit to bond any employees not required by a specific statute to be bonded otherwise, such employees may be bonded by either individual or blanket bonds conditioned upon faithful performance of duties and in amounts and with surety approved by the governing body by adopting a resolution in accordance with IC 20-5-1.5.

The official bonds of treasurers, corporation or extra-curricular, must be written for a period of one (1) year, the term of office of the respective treasurer. Bonds may be for a shorter period for a person appointed to complete the term of a treasurer who resigned or is deceased. The bonds shall be payable to the State of Indiana as required by IC 5-4-1-10; and, after approval, shall be filed and recorded in the office of the recorder of the county wherein the treasurer resides as provided in IC 5-4-1-5.1. No charge shall be made by the recorder of the county for recording the official bonds of any public officer, deputy, appointee or employee (IC 36-2-7-10).

When a minimum premium is required for official bonds, school administrators should make certain maximum coverage is provided for the required minimum premium.

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FINANCIAL INSTITUTIONS TAX

Effective January 1, 1990, IC 6-5.5-8 provides for the Financial Institutions Tax. The following is a digest of corrected information that will be provided to all County Auditors.

On or before February 1, May 1, August 1, and December 1 of each year the auditor of state shall transfer to each county auditor for distribution to the taxing units (as defined in IC 6-1.1-1-21) in the county, an amount equal to one-fourth ($\frac{1}{4}$) of the sum of the guaranteed amounts for all the taxing units of the county plus the supplemental distribution for the county.

A taxing unit's guaranteed distribution for a year is an amount equal to:

1. the amount received by the taxing unit under IC 6-5-10 and IC 6-5-11 in 1989; minus
2. the amount to be received by the taxing unit in the year of the distribution, as determined by the state board of tax commissioners, from property taxes attributable to the personal property of banks, exclusive of the property taxes attributable to personal property leased by banks as the lessor where the possession of the personal property is transferred to the lessee.

For the supplemental distribution made on or before August 1 of each year, the department of revenue shall adjust the amount of each county's supplemental distribution to reflect the actual taxes paid for the preceding year.

The amount of the supplemental distribution for each taxing unit shall be determined using the following formula:

STEP ONE: Determine the quotient of:

- a. the amount received under IC 6-5-10 and IC 6-5-11 in 1989 by all taxing units in the country; divided by
- b. the sum of the amounts used in STEP ONE for all taxing units located in the county.

STEP TWO: Determine the product of:

- a. the amount determined in STEP ONE; multiplied by
- b. the supplemental distribution for the county.

The county auditor shall distribute the guaranteed and supplemental distributions to the taxing units in the county at the same time that the county auditor makes the semiannual distribution of real property taxes to the taxing units.

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**PUBLIC PURCHASES - DEPARTMENT OF CORRECTION
AND REHABILITATION CENTER PRODUCTS**

Subject to section 2 of this chapter, a governmental body shall purchase from the department of correction supplies and services produced or manufactured by the department under IC 11-10-6 as listed in the department's printed catalog unless the supplies and services cannot be furnished in a timely manner. IC 5-22-11-1

Supplies and services purchased under this chapter must:

- (1) meet the specifications and needs of the purchasing governmental body; and
- (2) be purchased at a fair market price. IC 5-22-11-2

The department of correction shall furnish each governmental body a catalog with the following information:

- (1) Supplies and services available for sale.
- (2) Prices of supplies and services available for sale. IC 5-22-11-3

A governmental body shall purchase articles produced by the rehabilitation center under the same conditions as articles produced by the department of correction under IC 5-22-11, unless similar articles are produced by the governmental body. IC 5-22-12-4

The bureau shall publish a catalog for the use of governmental bodies, showing the products and services available through the rehabilitation center. IC 5-22-12-5

Whenever a governmental body needs an article listed in the catalog published under section 5 of this chapter, the governmental body:

- (1) shall give the bureau a reasonable time to produce or supply the article; and
- (2) except for an article produced by the department of correction, may not elsewhere:
 - (A) contract for;
 - (B) purchase; or
 - (C) pay a bill for;

an article described in the catalog unless the article cannot be furnished by the bureau.

- (b) A governmental body may contract elsewhere for purchase of an article described in the catalog if the bureau gives a written statement that the bureau cannot furnish the article. IC 5-22-12-6

Supplies purchased under this chapter must:

- (1) meet the specifications and needs of the purchasing governmental body; and
- (2) be purchased at a fair market price. IC 5-22-12-7